GOVERNMENT OF INDIA
COAL
LOK SABHA

STARRED QUESTION NO:412
ANSWERED ON:22.08.2000
COAL SECTOR MODERNISATION PROJECT
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Will the Minister of COAL be pleased to state:

(a) whether the World Bank has decided to scrap the second phase of coal sector modernization project in India involving a loan outlay of more than Rs.20,000 crore;

(b) if so, the details thereof;

(c) whether the coal production of the country is likely to be affected as a result thereof;

(d) if so, reaction of the Government thereto;

(e) the details of coal demand for the industry projected for the Ninth Plan period;

(f) the production schedule of the coal for the next five years;
(g) the details of coal companies that have obtained World Bank aid for the modernization and rehabilitation programme during the last five years; and
(h) the amount of World Bank loan received by these coal companies during the said period and the details of utilizations thereof?

Answer

MINISTER OF STATE FOR COAL (SHRI T.N.SHANMUGAM)

(a) & (b): No, Sir. The total size of the coal modernization project (Coal Sector RehabilitationProject) of Coal India Limited is not Rs.20,000 crores but US$ 1695 millionout of which US$ 1030 millionwas to be co- financed by the World Bank (IBRD) and the Japan Bank for International Co-operation on 50:50 ratio. The World Bank did not cancel the loan but Coal India Limited itself requested World Bank and JBIC for the cancellationof the balance uncommitted part of the loan because of various operational reasons.

After taking into account the softening of domestic interest rates and the greater flexibility available by recourse to domestic credit on the strength of its balance sheet, CIL was clearly of the view that continuing the World Bank/ JBIC project finance for the unutilized portion of the loan was not in its best financial interests.

As the balance of convenience lay in agreed cancellation of the balance uncommitted facility of the World Bank and Japan Bank for International Cooperation (JBIC) loan, CIL initiated appropriate steps for cancellation in consultation with Ministry of Coal and Ministry of Finance. CIL is confident of completing the projects covered by the loan from its own resources.

(c) : No, Sir.

(d): In view of the reply given in part (c), question does not arise.

(e) & (f): The original demand of coal for the terminal year of the 9th Plan was estimated by Planning Commission at 412.20million tonnes but it was re-estimated by Planning Commission at 370.80 million tonnes at the mid-term appraisal. The coal production target for the terminal year (2001-02) of the 9th Plan is as under:

Company	Production (In million tonnes)
CIL	285.00
SCCL	34.00
TISCO/IISCO/DVC	7.60
Captive	2.26
Total	328.86

The coal production target for the five years of the 10th plan has not so far been fixed by the Planning Commission. However , CIL has set its target of coal production at 350 million tonnes for the terminal year of 10th Plan.

(g): Coal India Limited was the borrower of the CSRP loan from World Bank(IBRD) and JBIC Five subsidiary companies of Coal India Limited i.e. Central Coalfields Limited.(CCL), Mahanad Coalfields Limited(MCL),Northern Coalfields Limited(NCL),South Eastern Coalfields Limited (SECL) and Western Coalfields Limited (WCL) were the beneficiaries of the World Bank loan under Coal Sector Rehabilitation Project.

(h): Coal India Limited(CIL) have received the amount of US$456.03 millions from World Bank (IBRD) and JBIC under the CSRP as on 31.07.2000 . The details of the amount utilized by subsidiary companies of CIL as on 31.07.2000 are as under:

Company	Amount in US$ millions
CCL	34.86
MCL	44.21
NCL	223.84
SECL	101.78
WCL	35.19
Total	439.88

Balance of US$ 16.15 million is kept under the special account at the branches of State Bank of India, New York and Tokyo.